

## **House Financial Services Committee Testimony on SBs 607 and 719**

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I am testifying today on behalf of our client Cottonwood Financial, a retail financial services company, which provides financial services to its customers in several states including Michigan.

The bills would amend the Deferred Presentment Service Transactions Act to allow customers of deferred presentment service providers to pay their loans by the use of a debit card, or in some cases a telephone-initiated automated clearing house (ACH) transaction. Any debit card or ACH transaction would require the approval of the consumer. These additional options for repayment of a deferred presentment services debt are in response to the growing use of debit cards to execute payments coupled with the reduction in the use of checks.

If a check held in connection with a deferred presentment transaction was deposited and returned unpaid, or if payment with a debit card transaction failed, the lender could attempt, with the customer's agreement, to collect the amount due by way of one or more telephone-initiated automated clearing house transactions. The lender could not charge the customer a fee for each telephone initiated ACH transaction.

Automated Clearing House (ACH) is a United States electronic network for financial transactions. ACH processes in batches, large volumes of credit and debit transactions. ACH direct debit transfers include consumer payments on mortgage loans, insurance premiums, and other kinds of bills.